



Digital Service Transformation : Building modern, integrated, and resilient digital public services



Date:	8 May 2023		
To:	Hon Andrew Little, Minister for the Public Service		
Action Sought:	Discuss feedback on draft Cabinet paper with officials at agency meeting on 10 May	Due Date	10 May 2023
Cc:	Hon Ginny Andersen, Minister for the Digital Economy and Communications		
Report No:	2023-0150		
Contact:	Callum Butler, Policy Director, ^{9(2)(a) privacy}		
Encl:	Yes – Cabinet paper	Priority:	Medium
Security Level:	IN CONFIDENCE		

Executive Summary

1. This report provides you with an updated draft of the Cabinet paper for modernising, digitising, and joining up public services around customers, clients, and citizens by:
 - a. developing and implementing a system blueprint for digital public services;
 - b. continuing to modernise government digital systems in line with the *Strategy for a Digital Public Service*;
 - c. developing a dedicated process for funding system initiatives;
 - d. strengthening leadership and governance arrangements for digital service transformation by resetting the role of the Digital Executive Board to lead these changes.
2. The most recent version of the paper reflects changes made in response to feedback from departmental consultation. Most of this feedback focused on the proposal to establish the Government Communications Security Bureau (GCSB) as the lead agency for cyber security. Other feedback received covered a range of more minor matters as summarised below.
3. Departmental consultation was targeted to agencies with significant interest in the transformation of digital services and/or cyber security, including Treasury; Statistics NZ; Ministry of Business, Innovation and Employment; Department of Internal Affairs; Department of the Prime Minister and Cabinet (including the Policy Advisory Group); Inland Revenue Department; Ministry of Social Development, NZ Defence Force; Ministry of Defence; NZ Police and the Ministry of Foreign Affairs and Trade.
4. Pending further feedback from you and the Minister for the Digital Economy and Communications, the attached paper can proceed to ministerial consultation, with a view to lodging the paper for consideration at the GOV Committee meeting on 8 June. We note that the Ministry of Foreign Affairs and Trade have specifically requested that the Minister of Foreign Affairs be included in the ministerial consultation process.

Recommended Action

We recommend that you:

- a **note** the attached draft Cabinet paper, which seeks agreement to initial steps for modernising, digitising, and joining up public services around customers, clients, and citizens by:
- a. developing and implementing a system blueprint for digital public services;
 - b. continuing to modernise government digital systems in line with the *Strategy for a Digital Public Service*;
 - c. developing a dedicated process for funding system initiatives;
 - d. strengthening leadership and governance arrangements for digital service transformation by resetting the role of the Digital Executive Board to lead these changes;
- b **note** this version incorporates, where appropriate, changes made in response to feedback on a wide range of matters from a number of departments with interests in transforming digital services and/or cyber security;
- c 9(2)(f)(iv) confidentiality of advice

- d 9(2)(f)(iv) confidentiality of advice

- e **note** other feedback resulted in only minor changes to the paper and is summarised at paragraph 19. This feedback covered:
- a. Scope and pitch of the system blueprint;
 - b. Functions of the Digital Executive Board;
 - c. Importance of data; and
 - d. Small technical changes to establishing GCSB as the overall cyber security agency.
- f **note** the proposed GOV Committee date for this paper is 8 June.
- g **agree** to proceed to ministerial consultation, pending any further feedback that you or the Minister for Digital Economy and Communications have on the paper;
- Agree/ disagree*
- h **agree** that Te Kawa Mataaho release this briefing in full once the relevant Cabinet decisions have been made.
- Agree/disagree*

Hon Andrew Little
Minister for the Public Service

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Purpose of Report

5. This report provides you with an updated draft of the Cabinet paper for transforming digital public services to support discussion with you, and subsequent ministerial consultation on the paper.

Context

6. Following the agency meeting on 29 March, we shared with you an early draft of a Cabinet paper which outlines initial steps for modernising, digitising, and joining up public services around common customers, clients, and citizens by:
 - a. developing and implementing a system blueprint for digital public services;
 - b. continuing to modernise government digital systems in line with the *Strategy for a Digital Public Service*;
 - c. developing a dedicated process for funding system initiatives;
 - d. strengthening leadership and governance arrangements for digital service transformation by resetting the role of the Digital Executive Board to lead these changes.
7. The most recent version of the paper reflects changes made in response to feedback from departmental consultation. The feedback and corresponding changes to the paper are discussed in greater detail below.

Departmental Consultation

8. We provided the paper to Treasury; Statistics NZ; Ministry of Business, Innovation and Employment, Department of Internal Affairs; Department of the Prime Minister and Cabinet (including the Policy Advisory Group); Inland Revenue Department; Ministry of Social Development; NZ Defence Force, Ministry of Defence; NZ Police; and the Ministry of Foreign Affairs and Trade for feedback, as they have specific interest in some, or all, of the proposals in this paper.
9. The majority of the feedback we received focused on the proposal to establish GCSB as the lead cyber security agency, 9(2)(f)(iv) confidentiality of advice
This feedback had two overarching themes:
 - a. Effective integration of cyber security functions into GCSB, including funding; and
 - b. 9(2)(f)(iv) confidentiality of advice

Effective integration of cyber security functions into GCSB, including funding

10. GCSB provided advice that some costs will be required to effectively integrate CERT. These are estimated at \$6-8m over five years. This cost would ensure integration extends beyond a change in reporting lines, and would cover securely integrating IT systems, property, processes, and other change costs. It was suggested that this cost could be sought either through:
 - a. Agreement between relevant agencies to meet integration costs through fiscally neutral adjustments; or

b. Using between-budget contingencies, or similar non-baseline mechanisms, despite apparent threshold questions.

11. The Commission and Treasury have advised that ministers would be unlikely to support a bid for new funding, given the proximity to Budget 2023 and the high threshold set by the Minister of Finance for funding initiatives from between-budget contingencies. The paper is currently drafted assuming that costs of implementation will be met from within baselines.

12. Discussions about how the change can be funded from agency baselines are ongoing with Treasury, MBIE and GCSB. We will update you on any developments around this at the agency meeting on 10 May and will liaise with your office to make any necessary changes before proceeding to ministerial consultation.

13. 9(2)(f)(iv) confidentiality of advice
[Redacted]

14. MBIE expressed a preference to implement the transfer of CERT NZ functions and resources to GCSB by 1 July. 9(2)(f)(iv) confidentiality of advice
[Redacted]

9(2)(f)(iv) confidentiality of advice
[Redacted]

15. 9(2)(f)(iv) confidentiality of advice
[Redacted]

- a. 9(2)(f)(iv) confidentiality of advice
[Redacted]
- b. [Redacted]
- c. [Redacted]

16. 9(2)(f)(iv) confidentiality of advice
[Redacted]

17. 9(2)(f)(iv) confidentiality of advice

18. 9(2)(f)(iv) confidentiality of advice

General feedback

19. Most other feedback from departmental consultation resulted in only minor or no changes to the paper. This feedback and our responses have been summarised below. We also made minor technical and drafting changes through this process:
- a. **Digital Executive Board** – We agreed with agencies’ recommendations that, for certain transformations of digital services, the Board would benefit from being supported by technical experts from large service delivery agencies. The paper notes that the Public Service Commissioner intends to appoint independent advisors to the board who could include experts able to support transformations of this kind.
 - b. **System blueprint** – Agencies noted that, in the proposal for a system blueprint, potential candidates for new integrated services were largely within the social sector. This is due to the focus on integrating services around key life events. However, we note that integrating services in this way will overlap with other sectors (e.g. education and housing). The paper now notes that these events are a starting point for possible integrated services and a similar approach could be applied to services in other areas.
 - c. **Data** – Concerns were raised about current mechanisms for sharing ‘operational data’ and protection of customer data through integrated services, noting the importance of data for measuring the success of the changes proposed. The paper notes the link between work to transform digital services and the work being led by the Government Chief Data Steward, including their ongoing membership on the Digital Executive Board.
 - d. **Strengthening GCSB’s role (minor matters)** – Agencies also advised on specific cyber security functions and relevant Ministers that had been omitted in previous versions of this paper due to oversight. The paper has now been updated to reflect this.

Next Steps

20. We recommend that you proceed to Ministerial consultation, pending any further feedback from you or the Minister for the Digital Economy and Communications. Any feedback on the paper can be discussed with officials at the agency meeting on **10 May** and incorporated into the version for ministerial consultation. We will update you on any additional feedback from Treasury, GCSB or MBIE regarding funding approach for the CERT integration. We also note that MFAT have specifically requested that the Minister of Foreign Affairs be included in the ministerial consultation process.

21. We recommend you discuss this paper with the GOV Committee on 8 June. Note we are also briefing you on the proposed *Cabinet paper for Effective funding of initiatives with system benefit* including the possibility of aligning these Cabinet conversations, given overlap in content regarding funding.

Ministerial consultation	Friday 12 May – Friday 26 May
Lodge paper	Thursday 1 June
GOV Committee	Thursday 8 June